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SUBJECT: TWO ERRANT LABOR FEDERATIONS RETURN TO THE FOLD

REF: (A) MEXICO 1869 (B) 07 MEXICO 2388

11. SUMMARY: In 2006 the CROC (Revolutionary Confederation of Workers and Campesinos) and the CROM (the Regional Confederation of Mexican Workers), respectively the third and fourth largest labor federations in Mexico, led a group of unions that withdrew from the Congress of Labor. The Congress of Labor (CT) is the most influential umbrella group of labor organizations in Mexico. The CROC and CROM left the Congress of Labor in a dispute over who would assume the leadership of the organization and had hoped to form their own multi-union labor association to compete with the CT. Now, after two years of trying to go it on their own, the CROC, CROM and several lesser unions that left the umbrella organization with them have rejoined the CT. A variety of reasons have been mentioned for the decision by the errant federations to rejoin the CT ranging from a desire to support labor unity against the many problems facing Mexico, organized labor movement to concerns that their relevance might be surpassed by an alliance between the teachers, and the petroleum workers unions (Ref A). Reportedly the errant unions were accepted back into the CT without preconditions. A senior CT official indicated that not all members of the CT wanted to have errant unions back but in the end they acceded to a request from the GOM who, it appears, wants to have as many of the country's larger unions in one forum as it presses forward with plans to launch a major reform of Mexico's labor laws. END SUMMARY

THE CONGRESS OF LABOR

12. The Congress of Labor (CT) is Mexico's largest and most influential umbrella labor organization. The CT is the body the Mexican government turns to when it wants to address issues affecting Mexico's organized labor movement nationwide. The CT was formed in 1966 with the blessing of the GOM and Mexico's then ruling party, the Institutional Revolutionary Party (PRI). Since its formation all of the unions or federations that make up the CT have had direct and formal ties linking them to the PRI.

13. Although there are several large and important individual unions in the CT for the most part it is dominated by a collection of large national labor federations. The more important of these federations are the Confederation of Mexican Workers (CTM), the Revolutionary Confederation of Workers and Farmers (CROC) and the Regional Confederation of Mexican Workers (CROM). Respectively these organization are the first, third and fourth largest labor federations in Mexico. (Note: The second largest federation is the National

Workers Union) UNT. The UNT does not belong to the CT. Politically the UNT is informally affiliated with Mexico,s current main opposition party, the Party of the Democratic Revolution) PRD).

14. The most significant individual unions in the CT are the National Teachers Union (SNTE), the National Union of Miners and Metalworkers (SNTMMSRM), the Petroleum Workers Union (STPRM) and the National Railroad Workers Union (STFRM). Each of these individual unions is recognized for some special role they plan within Mexico,s organized labor movement. The Teachers Union,s fame derives from being the largest individual union in Latin America with an estimated 1.5 million members. Alas, it is also viewed as being one of the main culprits responsible for what many believe is the poor state of public education in Mexico. The Miners are known for the loyalty of many of its members but also for their combativeness with employers and for the alleged dishonesty of its national leader (currently living in Canada to escape prosecution for corruption charges). The Railroad Workers Union is known because of the role it played in the successful privatization. During that privatization Mexican railroads were transformed from a money-losing public transport system into a profit making cargo carrying system. The Railroad Workers Union is also known for its flamboyant leader, Victor Flores Morales. In addition being the head of the STFRM, Flores has been a Federal Deputy (equivalent to US Congressman) twice and is a former President of the CT. The Petroleum Workers Union is known for widespread corruption and for the excessive benefits (mostly for the union itself as opposed to union members) it has extracted from the GOM.

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LEADERSHIP DISPUTE FRACTURES LABOR ORGANIZATION

15. Within the world of Mexican organized labor the presidency of the CT is an important and much sought after position of prestige and political power. The leader of the CT is often the main interlocutor on labor issues with the President of Mexico. The CT president is often viewed as the main national level spokesman for organized labor in particular and for Mexican workers in general. Outside of the CT, the organization,s president is viewed by many politicians as a valuable ally able to mobilize the union vote. Consequently, the leader of the CT is routinely sought out by elected officials and/or those hoping to win elected office.

16. In February 2006 the term of office of the then president of the CT, STFRM Secretary General Victor Flores Morales, was coming to an end. There were several labor leaders in the umbrella organization who wanted to succeed Flores as CT president, the most insistent of whom was the Secretary General of the CROC, Isaias Gonzalez Cuevas. Gonzalez lobbied hard to be the next CT president and won the unconditional support of the leaders of the CROM and of the Miners Union; respectively Ignacio Cuauhtemoc Paleta and Napoleon Gomez Urrutia. Unfortunately for Gonzalez, Victor Flores decided that he was not yet ready to step down from the presidency of the CT. Rather than surrender his position at the end of his term of office Flores engineered a one year extension to his mandate as President of the CT.

17. This move, while technically permitted by CT statutes, was very ill-advised from the standpoint of labor unity. Moreover, Flores arranged the extension of his time CT presidency through a blatant exercise of political power within the organization. This action, and the manner in which it was carried out, caused a fracture within the CT which ultimately led to confrontation and even limited incidences of violence between the supporters of Flores and Gonzalez. As result of all this the CT and the errant group went their separate ways to such an extent that even though

it never formally changed political party affiliation, the CROC went so far as to openly campaign (unsuccessfully) for the PRD, and against the PRI, in Mexico's 2006 presidential elections.

A MAYDAY WAKEUP CALL

¶8. After two years of going it on their own the errant unions decided to rejoin the CT. One prominent CTM official speculated to Mission Labor Counselor that this year's May 1 celebration may have prompted that decision by providing a wake-up call for many groups within Mexico's organized labor movement. As was the case last year (Reftel B), only more so this year, Mexico's May 1, International Workers, Day, celebrations served as a stark reminder of the disunity that exists within the country's organized labor movement. The clearest indication of this was the fact that the three major factions within the organized labor movement (CT, the errant group and the UNT) all held separate celebrations. The most important factor all of these celebrations held in common is that they were extremely poorly attended; even by many of the various national unions, and federations, leaders who did not even bother to show up.

¶9. The good old days of labor unity, between the GOM and organized labor, and among labor unions themselves, ended with Mexico's 2000 presidential elections when the PRI was defeated for the first time in its 70 year plus history. From that time on, the Mexican government, now ruled for the second consecutive time by the National Action Party (PAN), began distancing itself from the International Workers, Day celebration hosted under the auspices of the country's organized labor movement. At first the government declined to attend the May celebrations but normally invited the leaders of the country's largest labor unions to some highly publicized event, normally held at the official residence, &Los Pinos⁸ (the Mexican White House). Last year, Mexican President, Felipe Calderon declined to associate himself in any way with the May Day events. This year even the GOM's

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Secretary of Labor minimized his association with the May Day celebrations.

¶10. With the PRI's fall from power, the labor movement elements tied to it saw a rapid acceleration of a number of debilitating factors (increased part-time hiring, outsourcing, the growth of the informal economy, job lost due to global competition and mass migration to the US) that had already begun to take a toll. Over the past 10-15 years the factors negatively impacting the unions caused them to lose membership and resources. This loss of members and funds prompted the different elements of Mexico's organized labor movement to reassess their relationship with the PRI and with each other. This divergence of interests was on stark display in this year's International Workers, /Labor Day festivities on May 1. Faced with another year in which the entire country saw the level of disunity within Mexican organized labor many organizations began to stake stock of just how far the movement had fallen.

¶11. A few weeks later, on May 30, the movement as a whole faced the possibility of being fractured into even more separate groupings when the leaders of the Teachers, Union (SNTE) and the Petroleum Workers Union (STPRM) announced an alliance to promote &A New Labor Policy in Mexico⁸ (Ref A).

Reportedly, some 40 other smaller unions joined the teachers and the petroleum workers to help advance this proposal. The formal purpose of the alliance was to serve as a discussion and analysis group to review the problems facing Mexican workers but many labor observers in Mexico suspected that its formation was the first step in a move to create a new labor organization to compete with the CT. It now seems the alliance will not amount to much but the fact that two such

powerful unions, both formally part of the CT, went outside the organization in order to address various concerns further disturbed many within Mexico,s organized labor movement.

GOM ENCOURAGED UNITY

¶12. According to what one of the CT Vice Presidents told Mission Labor Counselor, the idea of allowing the errant unions to rejoin the umbrella labor organization was a subject that had been discussed off and on for months. Apparently the main problem preventing their return was that many of the unions still in the CT did not want them back. The errant unions were viewed as sore losers for not accepting the defeat of their nominee for CT president and as disloyal for first trying to take over the organization by force; and then for leaving the labor grouping altogether. The negotiations to allow the errant unions back into the labor organization involved considerable discussions on having them pay some type of penalty for having left the CT. For their part, the errant unions wanted to save face and hoped to get something to show that they were not returning to the CT hat in hand asking for forgiveness.

¶13. Ultimately both sides reportedly agreed to drop any and all pre-conditions on allowing the return of the errant unions. This agreement on no pre-conditions was not done for altruistic any reasons. In the end, the errant unions were (reluctantly) allowed back into the labor fold at the request of the GOM.

¶14. Almost since taking office Mexican President Felipe Calderon,s administration has stated that one of its priorities is a major reform of the country,s labor laws. Enacting any significant reform of Mexico,s labor laws will require a change in the country,s constitution. Constitutional change in Mexico, relatively speaking, is far easier than a similar change would be in the US. That said, it is still not something the GOM would undertake lightly. As of yet the GOM has not formally provided any specific details on the types of labor reforms it hopes to enact. This lack of specific details notwithstanding many of Mexico,s larger unions and federations has already expressed strong opposition to any reform that would change the constitution. The GOM knows that concerted opposition from organized labor movement could block its plans for reform. Consequently, it appears the GOM is promoting greater labor unity so there will be fewer points of potential opposition when it is finally prepared to officially release its reform proposals.

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COMMENT

¶15. The return of the errant unions to the Congress of Labor is a noteworthy event for Mexico,s organized labor movement. Together, the CROC, CROM and the unions that supported them jointly form a significant part of unionized workers in Mexico. With them back in the Congress of Labor and with the apparent non-event of the Teachers, and the Petroleum Workers Unions alliance the CT represents the overwhelming majority of all organized workers in Mexico. The only sizable groupings of unionized works in the country that do not belong to the CT are those affiliated with the UNT (National Workers Union). The UNT and their allies in the PRD, Mexico,s main opposition party, are unlikely to support the labor reform proposals of President Calderon,s PAN administration no matter what shape the final details ultimately take. That being the case, by having a unified, PRI affiliated, CT with whom it can negotiate the GOM is increasing the possibility that its reform proposals will received important opposition party support when it is

finally presented to the Mexican Congress.
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